

INITIAL STATEMENT OF REASONS
Division 1, Chapter 1, Title 13, Article 3., Section 155.20
Removal of a Nonrepairable or Total Loss Salvage Brand

California Vehicle Code Section 544 requires insurance companies to report as a total loss salvage vehicles that have been wrecked, destroyed or damaged to such an extent that the insurer considers the vehicle uneconomical to repair. Vehicles reported as having little or no resale value, other than as a source of parts or scrap metal, or recovered theft surgical strip or completely burned vehicles are to be designated as nonrepairable. The insurer responsible for repairing the damages determines when a vehicle is a total loss salvage or nonrepairable vehicle and the department will issue a salvage or nonrepairable vehicle certificate based on this information.

The department has received complaints from registered owners who have retained their vehicles stating that the vehicle was reported a total loss salvage or nonrepairable vehicle in error and requesting that the record be modified to remove a salvage or nonrepairable brand. Currently, the department has no procedure to remove a nonrepairable or total loss salvage brand because the department relies on the insurer to make the determination if a vehicle qualifies for a brand. Because there is a potential for error and insurers are reluctant to pay for repairs that exceed a vehicle's value, this regulation will provide a registered owner with a method to remove the brand if an agreement is reached with the insurer or if the owner obtains a court order requiring removal of a vehicle brand.

This regulation will provide registered owners with the procedure necessary to remove a nonrepairable or total loss salvage brand from a vehicle's record. This proposed regulation will provide a registered owner with specific requirements that must be met in order for the department to remove a salvage or nonrepairable status from a vehicle's record.

Subsection 155.20(a) specifies the insurance company's responsibility as stated in Vehicle Code section 11515(a). Even though this language is specified in statute, it is necessary to place the requirements that follow in the appropriate context for clarity purposes.

Subsection 155.20(a)(1) specifies that an occupational licensee may destroy vehicle license plates rather than returning them to the department. An occupational licensee has been allowed by the department to destroy license plates and this language is necessary for clarity.

Subsection 155.20(b) specifies the insurance company's responsibility as stated in Vehicle Code section 11515(b). Even though this language is specified in statute, it is necessarily repeated here for clarity.

Subsection 155.20(c) is proposed to provide a registered owner with the requirements necessary to remove a total loss or nonrepairable brand from a vehicle record. Only one

of the three specified documents is necessary in order to remove a brand from a vehicle record.

Subsection 155.20(c)(1) specifies that a document signed by the arbitrator/mediator, insurance claims manager and insured stating that a vehicle is repairable may be submitted to the department as proof to remove the total loss salvage brand from a vehicle. This is necessary in order to relieve the department of any responsibility after the brand is removed.

Subsection 155.20(c)(2) specifies that a document signed by the insurance claims manager under penalty of perjury under the laws of California attesting to the fact the vehicle was erroneously reported as a total loss salvage may be submitted to the department as proof that an error was made. This is necessary in order to relieve the department of any responsibility after the brand is removed, since the department does not inspect these vehicles and must rely on the insurance company to make the decision on whether a brand should be removed.

Subsection 155.20(c)(3) allows the owner to obtain a court order directing the department to remove the salvage status if an insurer is unable or unwilling to attest to the error in reporting the vehicle a total loss.

Subsection 155.20(d) specifies that documents signed by an arbitrator/mediator or insurance claims manager correcting a total loss salvage or nonrepairable brand on a vehicle record must contain a statement relieving the department of any harm that may result from amending a vehicle record. This is necessary because the department does not visually inspect these types of vehicles but relies on the insurer to make the assessment. By including this statement on the insured's documents, the department is relieved from all responsibility in case a brand was erroneously removed and approved by the insurer.